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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

I. THE COMMUNIST BLOC

USSR-Ethiopia:

[REDACTED]

OK The Emperor, who wishes to stress his independence of the United States and associate Ethiopia more closely with Pan-Africanism, can be expected to accept some Soviet aid as a demonstration of this policy.

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II. ASIA-AFRICA

MO^W Ceylon: Governor General Goonetilleke on 26 June issued a general mobilization order calling out Ceylon's armed forces to prevent the outbreak of civil disturbances and to maintain essential services disrupted by a month-long wave of leftist-led strikes. These strikes were designed to weaken Prime Minister Bandaranaike's government in the period before Parliament reconvenes on 30 June. At the moment, however, extreme leftist parties plan to boycott the opening session of Parliament, apparently with the intention of creating more political and economic confusion before directly challenging Bandaranaike's control with a no-confidence motion.

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M^W Morocco: (The government plans to make a formal request of the United States early next week for military equipment to modernize Morocco's 31,000-man army. Such supply was agreed to in principle in April. Negotiations would add strains to US-French relations. Failure to begin the talks, however, might)

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(lead to increased pressure for the evacuation of US air bases in Morocco and prompt Rabat to look to the Soviet bloc for arms.)

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III. THE WEST

Argentina: The formation of a new cabinet, though still incomplete, has produced surface calm. Deep rifts and confusion continue among the armed forces, which are the main sources of pressure on President Frondizi. While a small military group is still trying to promote a coup, negotiations involving compromise on new military command assignments may counteract these efforts.

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Caribbean area: The determination of leftist and liberal elements led by the Fidel Castro government of Cuba

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to overthrow the Trujillo dictatorship in the Dominican Republic and the Somoza regime in Nicaragua has brought the contenders close to war. It also seriously threatens the stability of other governments, particularly the weak and unpopular regime in Haiti. Military action has thus far been confined to rebel incursions into Nicaragua and the Dominican Republic, but may extend to counteraction by the beleaguered regimes against governments supporting the insurgents. Generalissimo Trujillo told the American Embassy on 20 June that "defensive military action" against Cuba will become "imperative" in the event of further insurgent landings. The armed forces chief of Nicaragua also has considered military action against hostile governments.

Latin American Communists, who are particularly influential among the Cuban-backed rebel groups, would probably win influence in any post-revolutionary governments. The Communists are exploiting anti-dictator sentiment in the area and charge the US with attempting to crush popular democratic movements.

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(The Organization of American States (OAS) faces the most serious crisis in its history. President Betancourt told the American ambassador on 23 June that the only alternative to war in the Caribbean is the elimination of Trujillo. Venezuela, he said, will oppose any OAS consideration of the situation, which he feels could only aid Trujillo)

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Moscow to Press Aid Offers During Visit of Haile Selassie

The Emperor, who is trying to stress his "independence" from the United States and associate Ethiopia more closely with Pan-Africanism, will probably accept some form of Soviet aid as a demonstration of this policy, although he does not want additional bloc personnel in Ethiopia. A Soviet Embassy official in Addis Ababa stated in April that "if the Emperor asks for a loan he will get it." In February a visiting Soviet agricultural team expressed interest in an assistance program, and a five-man delegation arrived in Ethiopia on 10 June, apparently to discuss plans to expand the Soviet hospital in Addis Ababa.

Soviet officials have regularly pressed Haile Selassie to set a date for his visit since the invitation was extended by Soviet President Voroshilov in January 1957. Prague is the only other bloc capital the Emperor is scheduled to visit during this tour.

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II. ASIA-AFRICA

Labor Agitation Growing in Ceylon

A month-long wave of leftist-led strikes in Ceylon, which have seriously affected transportation and communications networks, resulted in Governor General Goonetilleke's issuing a general mobilization order to the armed forces on 26 June to maintain essential services and prevent popular disturbances.

The strikes have affected virtually every vital sector of the economy. Colombo port has been the most severely hit. Growing labor unrest and bad weather have caused the rate of cargo handling to decline steadily since early May. On 25 June port operations were halted completely by a strike. The Governor General promptly ordered troops into the port, but their usefulness may prove limited and their presence is likely to cause protests by the workers.

Both floods and strikes have disrupted land transportation and communications services. About 800 employees of the nationalized bus system struck on 22 June, and 600 employees of the Central Bank struck on 25 June. By granting the workers' demands in almost every case, the government has weakened its own position and has increased the likelihood of further strikes.

Continued labor agitation could soon result in serious popular unrest and active consideration by conservative elements of plans to oust the government. Leftist opposition groups, however, apparently now consider it necessary to weaken the government further before attempting to vote it out of office. The Trotskyite Lanka Sama Samaj and the Communist party reportedly plan to boycott the opening session of Parliament on 30 June when they had previously been expected to introduce a no-confidence motion.

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25X1Formal Moroccan Request for US Arms Imminent

(King Mohamed V has indicated that Rabat early next week will officially request US military equipment to be used to modernize Morocco's 31,000-man army. In a preliminary demarche on the subject last March--to which the United States responded by stating its willingness in principle to make American arms available--Moroccan Defense Minister Aouad, who is close to the King, spoke of \$19,000,000 to \$23,000,000 worth of tanks, trucks, communications equipment, machine guns, ammunition, observation aircraft, and helicopters.)

(Moroccan Security Director Laghzaoui, acting as a spokesman for the King, told American Ambassador Yost on 24 June that the delay in following up Aouad's approach was due to opposition until recently on the part of Premier Ibrahim and Vice Premier Bouabid, who reportedly argued that Czechoslovakia--with which the former Balafrej government contracted for some arms last year--had demonstrated greater willingness than the US to make prompt and unconditional deliveries. The King, Laghzaoui said, is particularly anxious to associate these adherents of the divided Istiqlal party's left wing with negotiations for the purchase of US arms, and hopes negotiations can be started before his scheduled 4 July departure for a vacation in Europe.)

Such negotiations would add further strains to already difficult US-French relations. French Foreign Minister Couve de Murville reacted strongly in April to news of the American decision in principle. Failure to follow through with the talks and conclude some agreement satisfactory to the Moroccans, however, might lead to greatly intensified and officially sanctioned pressure for the evacuation of US air bases in Morocco. Furthermore, Laghzaoui told Ambassador Yost he was convinced a "fiasco" would prompt his government to turn at once to the Czechs.)

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III. THE WEST

New Argentine Cabinet Calms Surface Tension

Argentine President Frondizi's formation of a new cabinet, although still incomplete, has had a surface calming effect. However, deep rifts and confusion continue among the armed forces, the main sources of pressure on the President. Frondizi's appointment of Alvaro Alsogaray, an outspoken advocate of free enterprise, to head the key Economy Ministry and temporarily the Labor Ministry caused improvement in the peso exchange rate and stock prices. At the same time, this evidence of Frondizi's determination to press the US-backed stabilization program drew sharp criticism from labor, various opposition parties, and even segments of the administration party.

Because of this criticism, Alsogaray is having difficulty in filling the six secretarial posts under his jurisdiction--the last ones to be assigned in the cabinet of eight ministries and twelve secretaries. Aside from Alsogaray, founder of the small Civic Independent party, other opposition figures have refused to enter the cabinet. Moreover, the largest opposition party issued a manifesto on 24 June calling for Frondizi's resignation, repeating the demand made a day earlier by retired Admiral Rojas, vice president in the preceding Aramburu government.

Rojas' demand that Frondizi resign or face revolution shortly probably contributed to the already deep rift in the navy and perhaps in the army, where a breakdown in discipline has undermined effective command. Aided by the cabinet changes, negotiations under way to select compromise officers to replace the service secretaries and to hold the top commands could counteract the efforts of the small group of plotters intent on ousting Frondizi.

The Caribbean Crisis

The determination of leftists and liberals led by the Fidel Castro government of Cuba

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[redacted] to overthrow the Trujillo dictatorship in the Dominican Republic and the Somoza regime in Nicaragua has brought the contenders close to war. The situation also seriously threatens other governments, particularly the weak unpopular regime in Haiti. Military action has thus far been confined to rebel incursions into Nicaragua and the Dominican Republic, but may extend to counteraction by the beleaguered regimes against governments supporting the insurgents. Generalissimo Trujillo told the American ambassador on 20 June that "defensive military action" against Cuba will become "imperative" in the event of further insurgent landings. The armed forces chief of Nicaragua has also considered action against the hostile governments.

Latin American Communists, who are particularly influential among the Cuban-backed rebel groups, would probably win influence in any postrevolutionary governments. The Communists are exploiting anti-dictator sentiment in the area and charge the US with attempting to crush popular democratic movements.

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[redacted]
(The Organization of American States (OAS) faces the most serious crisis in its history. President Betancourt told the American ambassador on 23 June that the only alternative to war in the Caribbean and a fiasco for the OAS is the elimination of Trujillo. Venezuela, he said, will oppose any OAS consideration of the situation which, he feels, could only aid Trujillo.)

25X6 Since 14 June, the Dominican Republic's 29-year-old Trujillo dictatorship [redacted] has been staggered by three Cuban-based rebel incursions, which appear to have involved up to 200 insurgents. Dominican officials privately admit "substantial" army losses. There are indications of collaboration with the rebels by local civilians and there may have been some army defections. Even if the initial incursions fail, as Trujillo

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claims they already have, further landings are expected and the myth of Trujillo's invulnerability has been broken.

In Nicaragua, the 1 June landings from Costa Rica by about 100 members of the opposition Conservative party failed to spark a revolution despite a coordinated businessmen's strike in the capital. The exiles have now turned to Cuba for support; a Nicaraguan rebel force in the Honduran border area, which clashed with Honduran army elements on 25 June, is apparently led by a Nicaraguan associated with a pro-Communist group of exiles based in Cuba. The initial rebel failure suggests that President Luis Somoza, who has liberalized the regime he took over in 1956 from his father, does not face the wide domestic opposition the rebels had counted on. Nevertheless, the government expects further attacks and doubts its ability to withstand continued foreign-backed incursions.

The weak unpopular Duvalier regime in Haiti, caught in hostile Cuban-Dominican maneuvering and simultaneously harassed by a wave of terrorism by emboldened opposition groups, is near panic. Alerted for an invasion by Haitian exiles from Cuba and fearing the intervention of Dominican forces, it has asked for a US naval patrol of its shores.

Prime Minister Castro of Cuba, who is said to feel that the Dominican revolution will progress slowly like his own two-year struggle in Cuba, is faced with increasing unrest on the home front, particularly over his drastic agrarian reform law. The Cuban military is alerted for counterrevolutionary attempts, and believes anti-Castro exiles in the Dominican Republic are preparing for imminent action. On 26 June, Cuba informed the OAS that it had broken relations with the Dominican Republic.

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